

C-0001-SWS

Strategic Warning Staff

8 January 1982

Washington, D.C. 20301

Memorandum for the National Intelligence Officer for Warning

Subject: Imminent Deterioration of US-Chinese Relations ☐

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A Chinese radio commentary of 7 January 1982 signals the hardening of China's position regarding military spare parts sales to Taiwan. The Chinese have activated their institutional crisis management process. Depending on the next US actions, Chinese retaliation against the US is likely, probably within seven days, and could grow progressively more severe. ☐

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Immediately following the 28 December announcement of the prospective parts sale, the Chinese expressed distress but remained balanced. They activated what has become a standard procedure for dealing with such matters at a fairly measured pace. This procedure included a strong Foreign Ministry statement of opposition, a canvass of diplomatic contacts to insure that signals were being heard and their content understood in the US, initiation of a propaganda campaign largely in the English language Chinese media and published an important restatement of the Chinese position on 31 December in Renmin Ribao (People's Daily). ☐

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Standing alone the 31 December commentary displayed severe distress and firmness, but also balance. In acknowledging the difficulty of the Taiwan issue for the US, it presented itself as a damage limitation attempt, containing a proposal for resolving the issue without loss of face to any party. The proposal is for consultations on the arms question. Other information from friendly diplomats indicates that such consultations would be aimed at an agreement controlling future sales and their ultimate phase out over a period of years. In this controversy these stand as the minimum commitments of "Chinese sovereignty:" consultation and phase out agreement. ☐

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Two points need additional stress in that commentary. Although the Chinese prefer to maintain the US relationship and hoped for more time to elapse for settling the arms question, they stated in the commentary "...the problem has now reached a point where it absolutely must be solved." The issue is now joined and they are demanding its resolution. ☐

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The Chinese believe and say they have offered a "reasonable" solution. It is misleading to interpret this as a flexible one. While they are probably open to countersuggestions and some basis for compromise, Chinese minimum terms must be met. China is showing no flexibility at all on these. Indeed during the past year it has deliberately surrendered the initiative so as to make compromise of the principle impossible. This is made clear in the 31 December commentary by the ending statement that this is a "severe test" of the US administration. ☐

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Based on the 31 December article one would have expected a period, probably a month, of further banter in the press, additional diplomatic activity and a gradually building domestic press campaign, progressively more emphatic

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and authoritative. The contrasts between the 31 December article and the 7 January broadcast indicate the normal procedure has been compressed, implying almost certainly some US action, reply or failure that has prompted severe indignation by the Chinese. []

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Characteristics of the 7 January broadcast

It is authoritative. Commentaries by a "station commentator" are infrequent; only one other was observed in 1981 and that was in connection with the Netherlands submarine controversy on 22 February 1981. Significantly, the commentator and the medium are precisely the same as the 22 February broadcast, which came only one working week before the Chinese recalled their ambassador to The Hague and requested reciprocal Dutch action. []

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The selected medium reaches the largest audience in China. In contrast with the Renmin Ribao article, the whole nation is now being informed. []

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The message is important, reflecting a high-level decision, and departs from past treatment of the US. The Chinese people are being prepared for a worst evolution of US relations. It is an operational communication to the Chinese populace rather than a signal to the US. Only the highest levels of the Chinese party-government structure could authorize such a public notice. []

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The timing of the broadcast, just seven days after a definitive Renmin Ribao commentary, attests to a need for great urgency backed by authority. This implies urgent action will follow shortly. []

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It ends with a warning that was last used on 9 June 1978 to the Vietnamese in connection with the worsening border crisis, eight months before war started. []

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It makes the assertion to the Chinese people that US action "...is insulting to us beyond limit.... and cannot but invoke the Chinese people's indignation." Other content parallels, sometimes with only minor word changes, language used against the Netherlands. []

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The sense of crisis and imminent action has been reinforced by the communist press in Hong Kong. While these outlets have been almost hysterical in tone, the content has been careful and calculated. Articles since 31 December convey the message that China is prepared to reduce relations with the US to a level that existed before the Nixon communique, i.e., no official representation. This plays on a theme surfaced in early 1981 that the US cannot expect to be treated as leniently as was the Netherlands, even though that case serves as a model for the US case. It must be stressed in the Netherlands episode, despite similar hysteria, the Hong Kong communist press never threatened retaliation more severe than what actually occurred. []

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What to Expect

At a similar point during the Netherlands submarine controversy, the Netherlands was a week away from receiving an official demand for the recall of its ambassador. This was after China had already requested "negotiations" toward downgrading relations a full month before. In the present controversy,

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that month has already been telescoped into a week. The 7 January broadcast locks the leadership into some visible and sensational action to save domestic and international prestige. [REDACTED]

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The severity of additional action will hinge on the speed, scope, finality and totality of US action that binds both the executive and legislative branches of the government. China is not at this or any point irrevocably committed to downgrading relations, though it intends to take some retaliation for the 28 December announcement and whatever was the subsequent slight. The Chinese will do what they threaten. While they have yet to assert that the basis for diplomatic relations has been eroded, this is implied. Having activated their formatted crisis management process, they will adhere to a strict timetable governing their own actions and will tend to judge as failure to meet their schedule as delaying tactics and further confirmation of the worst case. [REDACTED]

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[REDACTED]
Senior Analyst, SWS

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18 January 1982

Comments on the Strategic Warning Staff's Paper
"Imminent Deterioration of U.S.-Chinese Relations"

We are not sure what the "alternative view" is in this case; there is a widely shared view among analysts that U.S.-Chinese relations are at a crucial juncture and that Beijing is not bluffing. Methodologically, however, we recognize this memo as what the Chinese call a "negative example," and we can use it as a "how not to" example for our two incoming China analysts. As for China's "institutional crisis management process," we are not sure we would recognize it if it paraded across Tienanmen Square.

The most surprising thing about the memo is the weight it puts on a Beijing radio commentary. The RENMIN RIBAO Commentator article mentioned in the memo is far more authoritative. Moreover, the memo has the use of the radio commentary backwards: rather than being primarily a signal to the Chinese people, it was used to show the U.S. that the Chinese feel strongly about the Taiwan question. Thus, XINHUA carried the radio commentary in its English service but not in its domestic service for nationwide internal dissemination. The RENMIN RIBAO article, contrary to what the memo says, was given nationwide dissemination by being carried in the XINHUA domestic service for use in the provincial media.

The content of the radio commentary also does not support the interpretive weight placed on it. It does not convey any threat of reprisals if the U.S. arms transfers to Taiwan are not stopped. In that respect it fails to match the warning Beijing conveyed during the Sino-Dutch dispute a year ago over submarine sales to Taiwan. At that time Beijing warned the Dutch to reverse their decision or face downgrading of relations. Also at that time Beijing portrayed popular pressure to retaliate against the Dutch; that is absent thus far in the Sino-U.S. dispute.

In contrast to the SWS memo, AG's judgment that the Chinese have not locked themselves into an imminent "visible and sensational action to save domestic and international prestige" is summarized in the first sentence of the 13 January TRENDS: "Beijing has been intent on conveying its insistence that the issue of U.S. arms sales to Taiwan must be settled bilaterally, but it has carefully left room for flexibility." The delicate balance between those two elements is explored--we hope with some subtlety--in the TRENDS article, which in its last two sentences makes (appropriately) passing reference to the radio commentary that bears the burden of the SWS analysis.

RW

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MEMORANDUM FOR:

D/FBIS *[signature]*

Here are the comments you asked for on the Strategic Warning Staff's internal staff paper on Sino-U.S. relations.

The bottom line of comments, which represent the collective views of our China people, is that the media evidence is misused in support of an overdrawn conclusion. In this instance, AG's views are basically in tandem with those of the DDI analysts, with whom our people are in close communication. We don't know the author of the SWS paper, and he didn't consult us. We could at the very least have clued him in on the hierarchy of authoritative statements in the PRC and on how various kinds of commentaries are disseminated for internal & external consumption. Can't win them all, I guess!

Date 18 Jan *[signature]*

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